

**MINUTES OF REGULAR  
RETIREMENT BOARD MEETING--DRAFT**

Thursday, May 14, 2020

Virtual Meeting

6:00 p.m.

1. **Call to Order** The virtual meeting was called to order by Chair Connie Rydberg at 6:15 PM

2. **Roll Call**

**Present:** Connie Rydberg, Charles Collier, Larry Little, Marshall Jarrett, Ryan Davis, Richard Campbell and Jason Widstrom

**Absent:**

**Staff Present:** Cindy Mester, Kiran Bawa and Steve Mason

**Also Present:** Celeste Heath, City Clerk  
Kristen Michael, FCCPS COO;  
Mary Nye, AndCo Consulting

3. Introductions and Welcome

4. Receipt of Petitions: None

5. Review and approval of draft Minutes from February 20, 2020 meeting:  
Ryan Davis moved and Rick Campbell seconded to approve the minutes of February 20, 2020 as presented. **The motion passed 6-0-1 (Marshall Jarrett abstained).**

6. Review of the Investment Performance for the First Quarter of 2020 for the Basic and Police Pension Plans and OPEB –Mary Nye of AndCo Consulting

Market Performance: All equities showed double-digit negative returns in the 1<sup>st</sup> quarter of 2020. Fixed Income showed slight positive returns with US Government bonds performing best at almost 6% gain. One-year performance showed similar patterns to the quarter's performance, averaging negative returns in most sectors and small positive returns in fixed income.

Basic and Police Plan and OPEB Market Values, Net Flows and Returns on Investment were presented in a consolidated chart. The Police Plan at the start of the first quarter was \$37.7 Million, net flows totaled \$307 thousand out of the plan, and the ending market value for Q1 was \$32 Million. Thus the gross return for the quarter was a negative 14.23%. Market Value for the Basic Plan at the start of the fourth quarter was \$116.8 Million with net flows of \$1.2 Million out of the plan, and an ending market value of \$98.7 Million. Thus the gross return for the Basic Plan in Q1 was a negative 14.51%.

Gross returns for the 12-month period were negative 5.54% for the Police Plan and negative 5.68% for the Basic Plan.

OPEB funds started at \$16.9 Million at the beginning on Q1, showed investment loss of \$2.9 Million and an ending market value of \$14 Million, a gross return of negative 17.2%. OPEB is invested in index funds only. The contrast in gross returns between OPEB and the actively managed Police and Basic Plans shows that the fund managers for Basic and Police added value and protected the plan from more potential losses. All OPEB asset allocations are within policy range and returns are tracking their underlying indices.

Asset Allocations in the Basic Plan: Total domestic equities are below target but within the policy range, International Equity and Total Fixed Income are within range, and close to target. Asset Allocation in the Police Plan is very similar to the Basic Plan.

Mary Nye shared updated numbers since the quarter ending March 31: in one month the return for Basic and Police plans was 7.5% positive and OPEB gained 9%. Domestic Equities performed well, International and Fixed Income stayed roughly flat. Therefore, Domestic Equity asset allocation is now closer to policy target.

Comparative performance for the Basic and Police Plan showed the Total Funds ranked 13th in the universe of plans with similar equity mixes. In the three-, five-, seven- and ten-year comparative performances, the plans showed rankings in the top decile.

New this quarter: the cash account for the City's reserve from the Water Sale Proceeds was listed separately from the Securian cash accounts in the financial table presentations.

7. Asset Allocation Study- Mary Nye of AndCo

Mary Nye provided a brief summary of the Asset Allocation modeling process. AndCo's report illustrates the Fund's current investment policies and a proposed portfolio mix. The objective is to balance the Trustees' collective performance targets and risk tolerances. The return, risk, and correlation forecasts utilized in this report were developed by JP Morgan Asset Management and are based on its expectations over the next 10 to 15 years.

The Board discussed the pros and cons of changing the Plans current asset allocations in the current volatile market environment. The Plans current allocation has healthy diversification, and the current market outlook is very uncertain.

Ryan Davis moved and Rick Campbell seconded to maintain the current asset allocation and revisit the conversation within the next 16 months. **The motion passed 7-0.**

8. Water Sale Proceeds (WSP) Administrative Manual

The Board revisited the WSP Administrative Manual presented at the February 2020 quarterly meeting. Charles Collier moved and Ryan Davis seconded to adopt the Water Sale Proceeds Manual as presented. **The motion passed 7-0.**

9. IPS updates for WSP, OPEB Valuation recommendations & Experience Study

Connie Rydberg addressed changes made to the draft IPS presented at the February meeting. Mary Nye clarified section 12.3 addressing Investment Managers: annual reports on performance and proxy voting from the actively managed equity Investment Managers.

Ryan Davis moved and Rick Campbell seconded to adopt the Basic and Police Plan Investment Policy Statements as presented. **The motion passed 7-0.**

Connie Rydberg highlighted the contribution minimum added to the OPEB IPS.

Marshall Jarrett moved and Rick Campbell seconded to adopt the OPEB Investment Policy Statement as presented with adoption date formatting change in the document footer. **The motion passed 7-0.**

10. Officer Elections

Pursuant to City code, the Retirement Board is directed to elect a chair and vice chair annually.

Ryan Davis moved and Marshall Jarrett seconded to appoint Connie Rydberg as Chair of the Retirement Board and Rick Campbell as vice chair for the 2020-2021 fiscal year. **The motion passed 7-0.**

11. Staff and Public Participation protocol

Ryan Davis moved and Rick Campbell seconded to defer the topic of staff and public participation at the Retirement Board quarterly meetings to the next available in-person meeting. **The motion passed 7-0.**

12. 2020 Training Plan update—Cindy Mester

The Plan Administrator, Cindy Mester, summarized the proposed 2020/2021 Training Plan and Budget. Cindy completed a 5-course online certification with IFEBP. Annual Trustee Fiduciary training will take place at the September meeting. Virtual conference options for Larry Little and Rick Campbell will be researched as travel to Hawaii for the annual IFEBP conference may not be prudent.

Ryan Davis moved and Marshall Jarrett seconded to adopt the proposed 2020/2021 Retirement Board Training budget and direct staff to research in-person alternatives to the IFEBP annual conference. **The motion passed 7-0.**

13. Plan Administrator's Report—Cindy Mester

Cindy Mester presented the Administrative Quarterly Report, summarizing special projects, pension participant changes, training and administrative expenses. Appendices to the current Plan documents were discovered to be out of date and action on amending may be brought to the Board at the next quarterly meeting. The Retirement Board Work Plan status was also shared and amended to capture Board-directed activities.

14. Other business not on the agenda:

Charles Collier requested that the next meeting address a limit on spending for travel to Board trainings.

Connie Rydberg thanked the Plan Administrator for making a virtual meeting possible and the Board for their flexibility.

15. Adjournment:

Jason Widstrom moved and Charles Collier seconded to adjourn the meeting at 8:05 PM. **The motion passed 7-0.**

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